

PSJ2 Exh 87

Produced Natively

BDC meeting – Project Tango

Presentation
September 12th



Objectives for today

- Reground in Purdue's BD strategy
- Introduce to the addiction market and Project Tango
- Align on next steps



Executive summary

Build the exec summary (9th Sept)

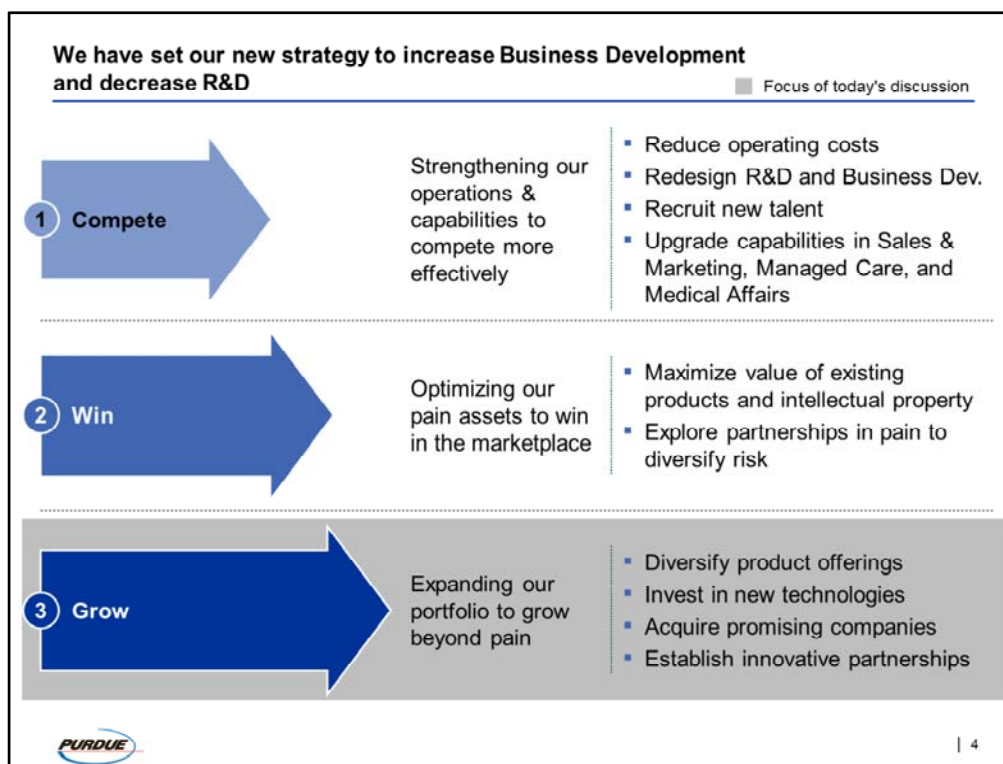


Contents

▪ Strategic direction

- Abuse and addiction market
- Project Tango opportunity





Our BD strategy is focused on assets and areas that fall into our 4 themes				
Themes:	A Purdue core capability	B Reduced healthcare cost	C New customers	D Market expansion
Description	<ul style="list-style-type: none"> Use core capabilities to unlock value in Pain and related products 	<ul style="list-style-type: none"> Acquire products that reduce cost to the healthcare system 	<ul style="list-style-type: none"> Acquire products that address needs of increasingly influential customers (e.g., Hospitals, cash-pay patients) 	<ul style="list-style-type: none"> Invest in clinically differentiated products with potential to significantly expand the market
Rationale to pursue	<ul style="list-style-type: none"> Leverages our core strengths - as Purdue more likely to attract target and better leverage existing cost base and capabilities 	<ul style="list-style-type: none"> Takes advantage of new opportunities based on health economics basis and targets growth from structural changes 	<ul style="list-style-type: none"> Captures opportunity through directly offering value to patients and healthcare providers 	<ul style="list-style-type: none"> Provides access to truly innovative sources of value through addressing medical needs for which existing treatments are unavailable



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Value Drivers

Purdue Core Capability:

- IP defense
- Reformulation
- Risk Management / Epidemiology
- Large scale sales force

Reduced healthcare cost

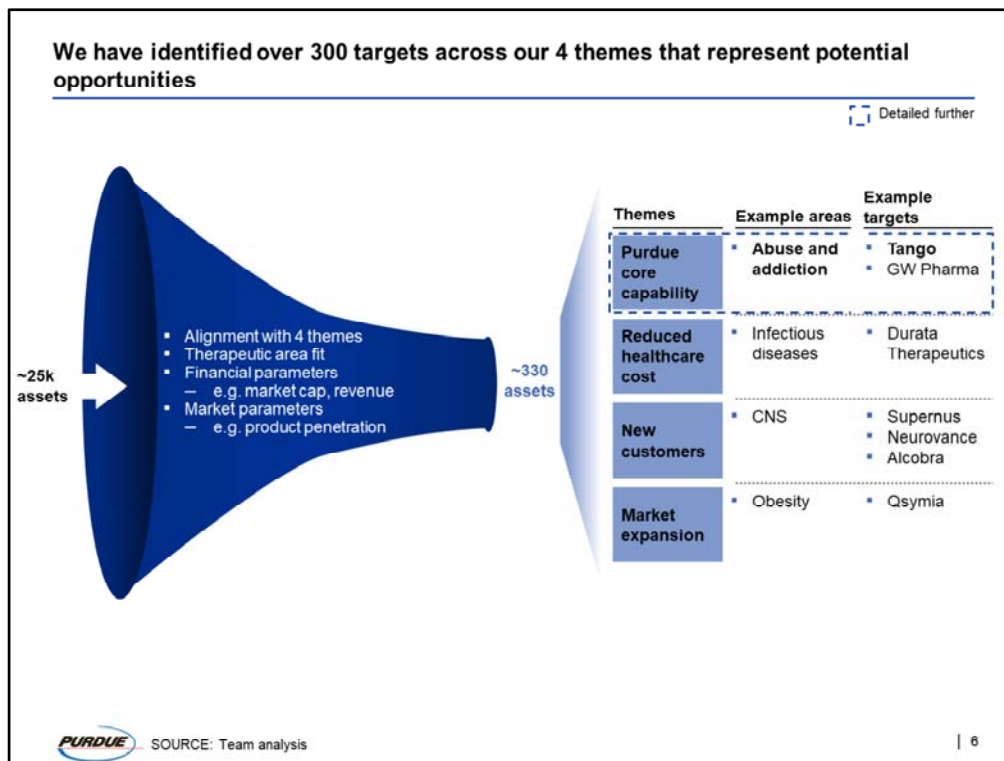
- Continued cost pressure across system

New customers (cash-pay/ hospitals)

- Increased complexity in servicing needs of hospitals
- Continued rise in patient OOP spend

Market expansion

- Significant unmet need in key TAs
- Select high risk, but potentially high reward assets exist



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Addiction treatment is a good fit and next natural step for Purdue

Purdue should consider expansion across the pain and addiction spectrum

Pain treatment and addiction are naturally linked

Pain treatment

ADF reduces the likelihood of abuse of products

Opioid addiction treatment

There is an opportunity to expand our offering as an end-to-end pain provider

Why this is a natural step for Purdue?

A Attractive market

- Large unmet need for vulnerable, underserved and stigmatized patient population
- Multiple trends to suggest increasing attractiveness of the abuse and addiction market (e.g., government mandate to improve access)
- Fits our BD strategy for diversification and profitable growth

B Purdue has unique position

- Willingness to serve vulnerable patient populations
- Experience and strong capabilities in serving complex and controlled substance markets
 - Epidemiology
 - Regulatory/ FDA
 - Commercial/ healthcare professional training
- Improving reputation as responsible opioid provider



A Significant unmet need in an underserved patient population that has been stigmatized and portrayed as undesirable



Encompasses all demographics

Often perceived as an undesirable population, and subsequently stigmatized and inadequately treated

- Over 1.4 million people not treated for their opioid addiction (~70% of addicted patients)
- Opioid addiction (other than heroin) has grown by ~20% CAGR from 2000 to 2010

Addiction is defined by NIDA as

- A chronic, relapsing brain disease that is characterized by compulsive drug seeking and use, despite harmful consequences
- Considered a brain disease because drugs change the brain; they change its structure and how it works. Can lead to many harmful, often self-destructive, behaviors

"This can happen to any-one – from a 50 year old woman with chronic lower back pain to a 18 year old boy with a sports injury, from the very wealthy to the very poor"

Pain specialist, Cornell Weill, 100 patients/week



SOURCE: Source

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A Multiple market trends support the potential for continued growth in the Abuse and Addiction market

US market overview, substance abuse¹



¹ Includes nicotine, alcohol, opioid and cocaine



SOURCE: Expert interviews, Decision resources, IMS

Positive trend in future structural dynamics

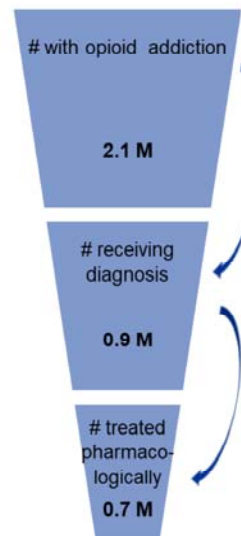
Abuse market trend	Reasons to believe
Health system cost savings	<ul style="list-style-type: none"> Increased savings per patient treated "Every \$1 on Suboxone saves \$12 in healthcare costs" <i>Tango</i> Annual cost of patient treatment to increase at ~4% p.a. (\$755 to \$883 by 2018)
Policy	<ul style="list-style-type: none"> Expanded access and availability "A prime goal of our office is to increase access to medication-assisted treatment within existing treatment programs"
Population	<ul style="list-style-type: none"> Higher patient volume ACA requires all new small group and individual market plans to cover substance use disorder (SUD) services improving access for ~ 5 million people
Physicians	<ul style="list-style-type: none"> Increased demand Increase in number of certified physicians who can practice medication-assisted addiction therapy (MAT) for opioids (3.7k in 2003 to 27.5k in 2013)

Botticelli, ONDCP

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A Key to capturing this market will be to improve diagnosis rates and address underlying barriers to treatment

Opioid addiction:
~1.4M not treated



Underlying levers to create value

Diagnosis rate

Significant room for **improved diagnosis rates** through addressing

- Doctors underdiagnoses of patients
- Patient disregarding addiction specialist referral for variety of reasons (e.g., psychiatric / psychological issues, social stigma, denial, etc.)
- Separate and of pain/addiction specialists / consultations
- Lack of direct treatment guidelines, e.g. for when and how to migrate patients off of opioids

Treatment rate

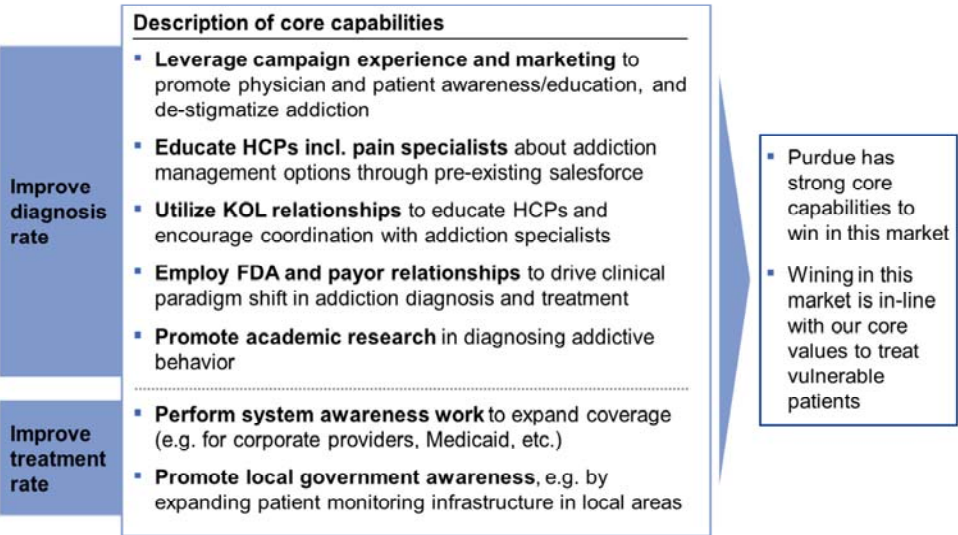
Few areas of potential **improvement of treatment rate (currently ~80%)** through addressing

- Patients restricted to care due to lack of insurance and access to addiction treatment centers (esp. in rural areas)
- Further focus political perspectives on pain and addiction management



SOURCE: Decision resources, SAMSA, Purdue estimates, expert physician interviews

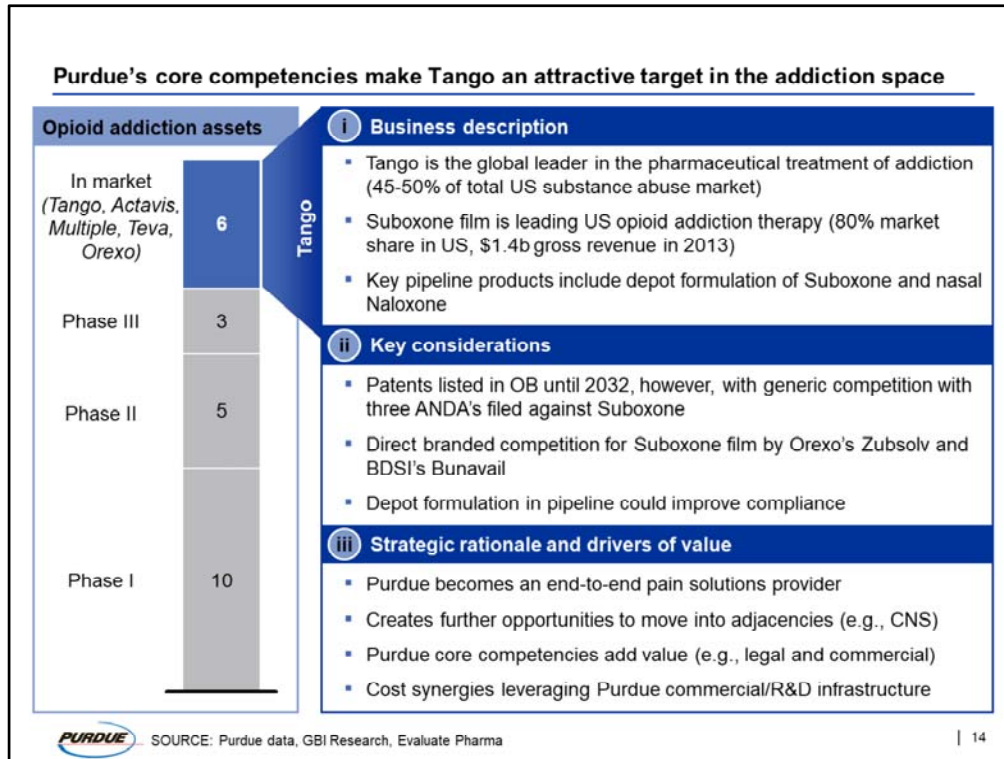
B Purdue has a great platform to capture this opportunity



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i Tango is owned by a consumer health, hygiene, and home goods company – not a natural owner

Parent is a multinational conglomerate primarily in the consumer goods space

- UK-based multinational (>\$16b annual revenue - 2013)
- Core focus on health, hygiene, and home

BU	Health	Hygiene	Home	Other	% 2013 of sales
Key product	29 Durex, Mucinex	43 Clearasil, Lysol	22 Air Wick	6 incl. RBP	

Parent's stated corporate strategy is to concentrate on relatively few strong global performers and drive up margins

- Strategic focus is on "Powerbrands" (i.e., No. 1 worldwide in their respective categories (19 Powerbrands = >70% total revenue)
 - Concentrate on strongest brands
 - Acquire brands that they believe they can grow
- Typically acquire strong brands at high multiples (e.g. K-Y Lubricants, Schiff Nutrition, Durex, Scholl)
- Declared Tango as non-core and announced intent to divest in 2014

- Tango is not a core business to parent
 - A company with pharma expertise might create more value


- May be potential for Purdue to offer an OTC asset swap (e.g., Senokot)



SOURCE: Tango parent 2013 Annual Report

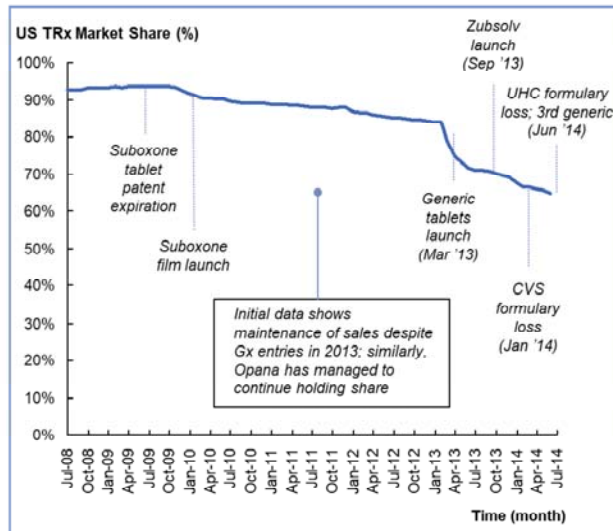
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i Suboxone film is Tango's lead product and market leader in opioid addiction; a favorite amongst patients and physicians

	Description
 <p>Suboxone film has a leading position in the opioid addiction treatment space</p>	<ul style="list-style-type: none"> ▪ Gold standard for opioid addiction over the last decade ▪ 77% of US market share by sales (\$1.4b revenue), ~68% of TRxs ▪ Limited differentiation by new market entrants
<p>Numerous product attributes encourage continued adoption</p>	<ul style="list-style-type: none"> ▪ Convenient, discreet, fast-dissolving formulation ▪ Child-resistant packaging ▪ Lower rates of abuse than tablets
<p>Favorable pricing situation promotes market penetration</p>	<ul style="list-style-type: none"> ▪ Market leader on cost (priced similar to generics) ▪ Established payor network (over 60% and 90% coverage for Tier 2 and Tier 3 and above, respectively) ▪ Generous co-pay support program
<p>Extensive patient support services</p>	<ul style="list-style-type: none"> ▪ Here to Help® Program: provides patients personalized information regarding addiction and treatment



ii Market factors and Suboxone differentiation give reasons to believe that the effect of new branded drugs and generics can be mitigated



Reasons to believe that Suboxone sales can be sustained despite the competition


- Greater patient convenience (faster dissolve, child-resistant packaging, different dosages available)
- Physicians and patients tend to be conservative with adopting drug changes, particularly for gold standard therapeutics
- Gx are not AB rated to Suboxone; this restricts switch to Gx as pharmacies are not allowed to automatically switch Suboxone Rx to an equivalent Gx
- Abuse rates are significantly higher for tablet formulations than for film formulations



SOURCE: EvaluatePharma, Edison Report, Forbes.com

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ii Purdue is well positioned to further ensure success of Suboxone by addressing market challenges

 Detailed further as main driver of value factored into financial model

Description of key challenges


- Anticipated direct **branded competition** against Suboxone film
 - Orexo's Zubsolv
 - BDSI's Bunavail
- Patents listed in OB until 2032, however, anticipated **generic competition**
 - Three ANDA's filed against Suboxone
- Reduction in Suboxone coverage by MCOs and loss of formulary inclusion
 - United Health Care
 - CVS Health




Purdue capabilities to address

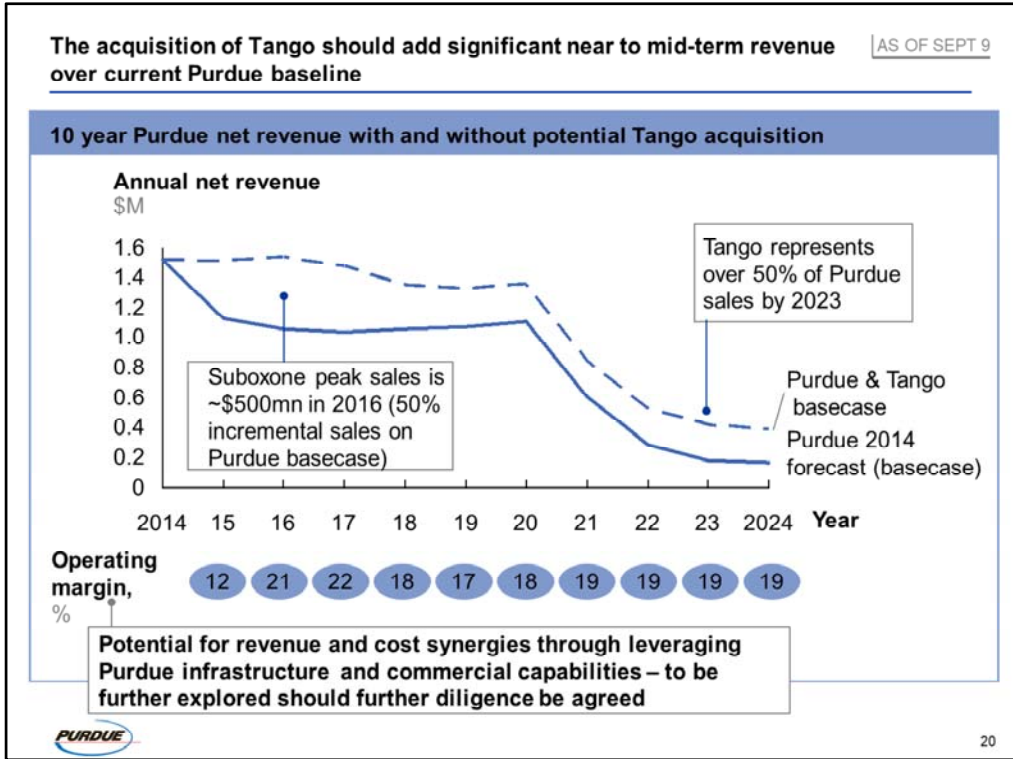
Legal / IP

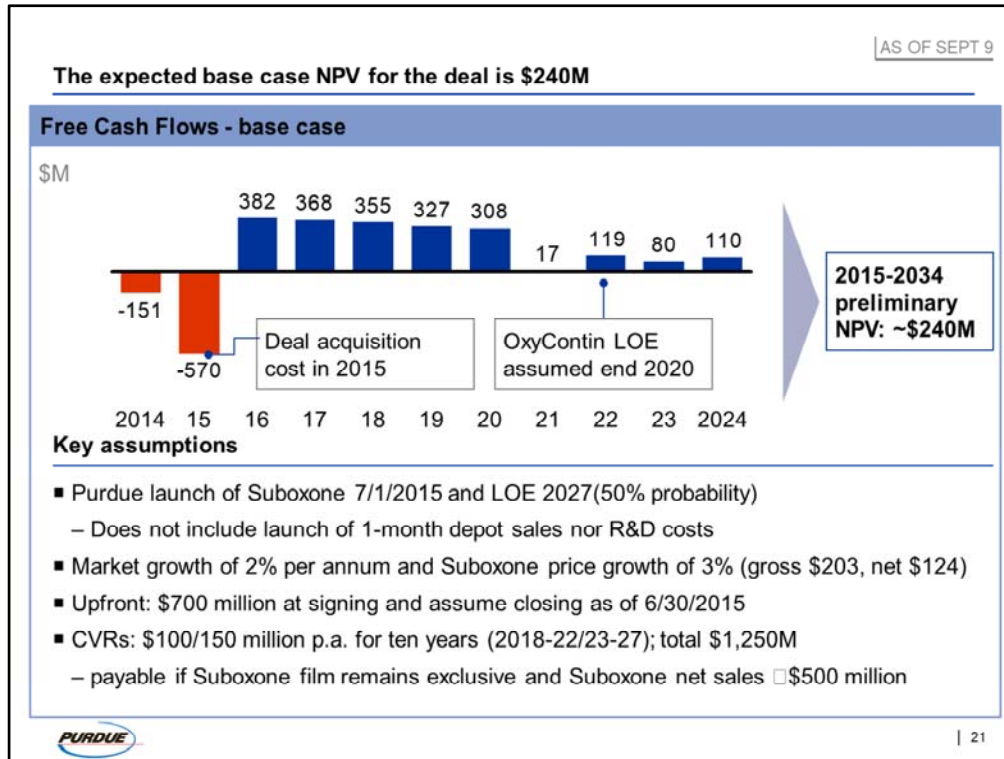
**Commer-
cial**

- 
- Improve patient and physician experience through experienced sales force familiar with serving complex and controlled substance market
- Better leverage HECON benefits of product to improve MCOs understanding and coverage



LEGAL CORE COMPETENCIES		
iii Intellectual property and legal expertise can maximize value of Suboxone film		
Core Purdue competency	Description	Application to Tango
Execute infringement suits against challengers	<ul style="list-style-type: none">Tango has sued two generic companies (Actavis, Par)BDSI received FDA approval for Bunavail (a buprenorphine/buccal film) that expects to launch Q3 2014Two claims in E.D. of Pennsylvania on behalf of direct and indirect purchasers relating to product hopping and delayed generic entry	<ul style="list-style-type: none">Retain market share against BDSI (first-mover advantage, obtain royalty from our patents)
Risk item: Federal raid on Tango's Virginia facilities in December 2013. Basis for raid and current status unclear, and a negative result could ultimately culminate in product liability lawsuits. We would mitigate risk by seeking indemnification and retained liability of Tango.		
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Next steps

- Proceed with the evaluation of Project Tango according to timeline
 - Investigate if Tango has done a bad job in MCO/Pricing, and if there is pricing opportunity for a new owner
 - Qualify the product stickiness to assess if the Gx entry risk really is going to erode revenues in 2016
- Clarify the PR implications of going into addiction treatment
- Identify the optimal deal structure
 - Cash upfront, CVRs, OTC swap?
 - Approach to mitigate current and future contingencies?



Appendix



iii Purdue is uniquely positioned to add value to Tango

Purdue-specific value drivers		Value impact	Description
	1 Legal	High	
	2 Commercial	High	<ul style="list-style-type: none"> Experienced sales force Better leverage HECON benefits to MCOs
	3 Strategy	High	<ul style="list-style-type: none"> Core competency in dealing with complex narcotics issues
	4 Regulatory	Med	<ul style="list-style-type: none"> Relationships with local/national regulators (e.g. FDA), chain pharmacies
	5 Stakeholder relationships	Med	<ul style="list-style-type: none"> RADARS® relationships with local authorities to monitor nonmedical use and diversion Patient advocacy groups, influential state policy makers, national advocacy groups, e.g. CADCA
	6 Medical	Med	<ul style="list-style-type: none"> Relationships with pain and addiction KOLs
	7 Epi / analytics	Med	<ul style="list-style-type: none"> Experience with complex REMS; Measurement of abuse rates in the community
	8 R&D	Low	<ul style="list-style-type: none"> Abuse and addiction trial design and LCE



COMMERCIAL CORE COMPETENCIES

iii

Diligence will requiring understanding of how commercial competencies and workforce could further maximize value of Suboxone film

Pricing

MCO and access

Experienced salesforce

Key commercial questions to be addressed by Purdue during dilligence


Utilize sophisticated contracting to gain continued payer support, incent provi

Identify active

Dem... lever

Spec

WIP



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Tango Transaction Timelines: Draft

Activity	2014				2015				
	Sep	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May
* Pre-CDA diligence									
* Contact Tango and enter CDA									
* Finalize engagement letter with Evercore									
* Term sheet negotiation									
* BOD term sheet approval FTNT ¹									
* Final due diligence									
* Agreement negotiation									
* BOD definitive agreement Approval FTNT ¹									
* Definitive agreement signing and deal announcement									
* Submission of HSR filing FTNT ²									
* Solicitation of Tango shareholders FTNT ³									
* Closing FTNT ⁴									
* JPM commitment letter negotiation and delivery									
* JPM due diligence on Tango									
* Offering memorandum									
* JPM capital market execution									

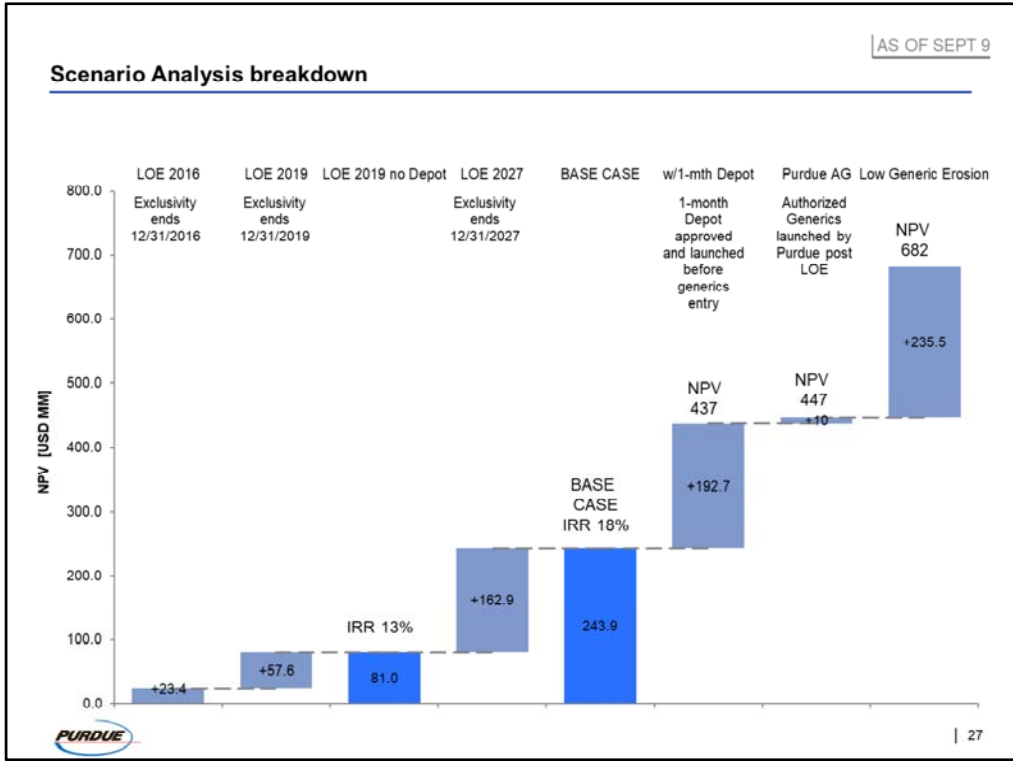
¹ BOD approvals will have to be obtained subject to regularly scheduled BOD/BOD Committee meetings. The Term Sheet approval would be targeted for November – December 2014, while the Definitive Agreement approval would be targeted for February – March 2015.

² HSR filing can be submitted earlier based on a term sheet. Normal waiting period under HSR is 30 days, but we can request early termination, which would occur in 15 days. The timeline assumes that there is no second request in connection with the HSR filing.

³ Based on publicly available information, we anticipate that notice of a special meeting of Tango shareholders to approve the transaction would be sent 14-28 days prior to the meeting. Depending on timing, Tango may postpone shareholder solicitation to occur at its Annual Meeting, which usually takes place in May. In addition, this draft timeline assumes that shareholder approval is obtained promptly and there are not significant dissenters.

⁴ Closing assumes satisfaction of all material closing conditions, including regulatory approvals, required consents, and no material adverse change in the Tango business, and receipt of XXX financing.





Preliminary P&L

AS OF SEPT 9

Base Estimates (Purdue Launch in 2015-Q3, LOE EOY-2027, With Depot Launched)

Scenario:	aA3 Purdue												
US\$MMs	Base Year												
Suboxone (U.S.)													
Proforma P&L	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026	2027
Gross sales	\$1,267.3	\$ 889.4	\$ 807.7	\$ 541.5	\$ 485.5	\$ 468.1	\$ 456.4	\$ 441.9	\$ 424.7	\$ 405.1	\$ 383.1	\$ 359.0	\$ 362.9
Net sales	773.8	480.8	436.6	292.7	262.5	253.0	246.7	238.9	229.6	219.0	207.1	194.1	196.2
Costs of goods sold (@10.8%)	76.0	53.4	48.5	32.5	29.1	28.1	27.4	26.5	25.5	24.3	23.0	21.5	21.8
Shipping and warehousing (@%)	6.3	4.4	4.0	2.7	2.4	2.3	2.3	2.2	2.1	2.0	1.9	1.8	1.8
Costs of sales (incl. royalties, shipping)	82.4	57.8	52.5	35.2	31.6	30.4	29.7	28.7	27.6	26.3	24.9	23.3	23.6
Gross margin	691.5	423.0	384.1	257.5	230.9	222.6	217.1	210.1	202.0	192.6	182.2	170.7	172.6
Gross margin as % of net sales	89%	88%	88%	88%	88%	88%	88%	88%	88%	88%	88%	88%	88%
Operating expenses													
Selling and promotion	119.8	102.5	96.6	92.4	87.5	83.8	80.7	77.2	73.5	69.6	65.5	61.3	58.9
General and admin (@ % incremental sales)	48.2	19.4	18.1	13.8	12.9	12.6	12.4	12.2	11.9	11.6	11.2	10.8	10.9
Research and development	18.3	12.5	10.9	8.0	7.5	7.4	7.4	7.3	7.3	7.3	7.3	7.4	7.9
Health care reform fee	11.7	7.3	6.6	4.4	4.0	3.8	3.7	3.6	3.5	3.3	3.1	2.9	3.0
Milestones	46.7	46.7	46.7	46.7	46.7	46.7	46.7	46.7	46.7	46.7	46.7	46.7	46.7
Total operating expenses	503.7	193.4	183.9	170.3	163.5	159.3	155.8	152.0	147.8	143.5	138.8	134.1	132.3
Operating income / (loss)	187.7	229.6	200.3	87.3	67.4	63.3	61.2	58.2	54.1	49.2	43.4	36.7	40.3
Provision for income taxes (@35.0%)	65.7	80.4	70.1	30.5	23.6	22.2	21.4	20.4	18.9	17.2	15.2	12.8	14.1
Net income	\$ 122.0	\$ 149.3	\$ 130.2	\$ 56.7	\$ 43.8	\$ 41.2	\$ 39.8	\$ 37.8	\$ 35.2	\$ 32.0	\$ 28.2	\$ 23.8	\$ 26.2
CASH FLOWS SUMMARY													
Free Cash Flows	\$ (638.6)	\$ 221.2	\$ 184.7	\$ 129.8	\$ 95.9	\$ 89.4	\$ 87.5	\$ 85.8	\$ 83.4	\$ 80.4	\$ 76.9	\$ 72.8	\$ 72.4
Both NPV and IRR are calculated using the base year above, discounted @9% after-tax. 20-year time horizon of P&L is included													
CUMULATIVE													
Operating Income/(Loss)	\$ 187.7	\$ 417.3	\$ 617.6	\$ 704.9	\$ 772.3	\$ 835.6	\$ 896.9	\$ 955.0	\$1,009.2	\$1,058.4	\$1,101.7	\$1,138.4	\$1,178.7
Free Cash Flows, pre-tax	(572.9)	(271.3)	(16.4)	143.9	263.3	374.9	483.9	590.0	692.4	790.0	882.1	967.7	1,054.2
Free Cash Flows, after-tax	(638.6)	(417.3)	(232.6)	(102.9)	(7.0)	82.4	169.9	255.7	339.1	419.6	496.5	569.2	641.6
Net Present Value	(638.6)	(435.6)	(280.1)	(179.9)	(112.0)	(53.9)	(1.7)	45.2	87.1	124.1	156.6	184.8	210.5









Note: \$250 million of operating profits were deducted from the P&L in 2015 to account for closing date as of 6/30/2015.



9/5/2014

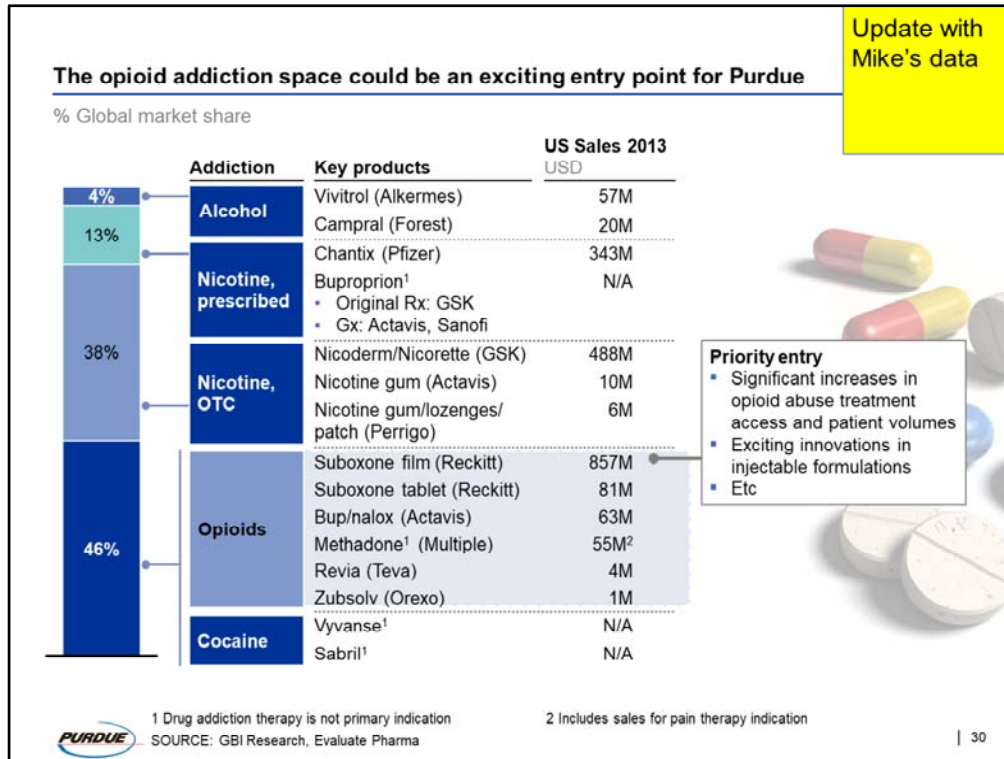
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Leading banks estimate Tango's valuation between \$2-6bn

Firm	Date	Tango Pharma Valuation		Valuation method/commentary
		£	\$	
 UBS	7/30/14	£3.1	\$5.1	▪ DCF based; 7% WACC, EBITA decline rate of -2% post 2018
 citi	7/29/14	3.7	6.1	▪ DCF based; 8% WACC, 0% terminal growth rate
 Bank of America  Merrill Lynch	7/29/14	3.0	5.0	▪ DCF based; 8% WACC, 0% terminal growth rate, LoE resulting in loss of 67% FCF after 2023
 BARCLAYS	7/29/14	1.8	2.9	▪ NA
 Deutsche Bank	7/28/14	2.9	4.8	▪ I3xP/E Multiple
 CREDIT SUISSE	7/28/14	2.2	3.6	▪ DCF Based
 JPMorgan	7/28/14	1.3	2.2	▪ NA
Jefferies	7/24/14	2.6	4.3	▪ DCF based
		Mean	\$4.3	
		Median	\$4.6	
		Max	\$6.1	
		Min	\$2.2	



Note: Assumes GBP/USD FX rate of 1.6574x as of August 27, 2014
 SOURCE: Wall Street research



Anti-Addiction Pipeline

Opioid					Alcohol					Cocaine				
Title	Phases			Pharmacological Class	Title	Phases			Pharmacological Class	Title	Phases			Pharmacological Class
	1	2	3			1	2	3			1	2	3	
US WorldMeds			1	Alpha 2 adrenoreceptor agonist	Abbvie		1		V1b vasopressin antagonist	Biotie Therapies		1		Dopamine beta-hydroxylase inhibitor
Titan Pharma			1	Opioid agonist	Vanda Pharma		1		NK-1 receptor antagonist	Roche		1		Dopamine beta-hydroxylase inhibitor
Braeburn Pharma			1	Opioid agonist	Eli Lilly		2		NOC-1 antagonist, NK-1 receptor antagonist	Celtic Pharma		1		Cocaine Vaccine
GSK		1		Dopamine D3 antagonist	Alkermes		1		Opioid antagonist	Tango		1		CNS Agent
MedioNova		1		Glial activation inhibitor	CT Lab		1		Addiction therapy	Teva		1		Butyrylcholinesterase
Omeros		1		(PPAR) gamma agonist	GSK	1	1		CRF-1 antagonist, Mu opioid receptor inverse agonist	University of Minnesota		1		Psychostimulant
Camurus		1		Opioid agonist	Neurocrine Biosciences				CRF-1 antagonist	GSK		1		Butyrylcholinesterase
RB		1		Opioid agonist	Brown University		1		Alpha 1 adrenoreceptor Antagonist, Ghrelin antagonist	NeuroSearch	1			5-HT (serotonin) & norepinephrine reuptake inhibitor (SNRI) & dopamine reuptake inhibitor
Alkermes		1		Opioid antagonist	Omeros	1	1		PPAR gamma agonist	Saniona		1		5-HT (serotonin) & norepinephrine reuptake inhibitor (SNRI) & dopamine reuptake inhibitor
AKO Biotechn		1		Opioid antagonist	ADial		1		5-HT3 (serotonin) Antagonist & anticonvulsant	Catalyst Pharma. Partners		1		GABA aminotransferase inhibitor
D&A PHARMA		1		Local anaesthetic	XenoPort		2		GABA agonist	Undisclosed Partner Sales		1		GABA aminotransferase inhibitor
Reimada Therapeutics		1		Opioid agonist	Tango		1		GABA agonist	Northwestern University		1		GABA aminotransferase inhibitor
Atlantic Pharma		1		Opioid agonist	The University of Georgia		1		Glycopeptide	Embera Neuro Therapeutics		1		Benzodiazepine & cortisol synthesis inhibitor
Pfizer		1		(MOR-1) agonist										
Pain Therapeutics		1		(MOR-1) agonist										
DURECT		1		(MOR-1) agonist										
Nanotherapeutics		1		Opioid agonist & opioid antagonist										
Adial Pharma		1		5-HT3 (serotonin) antagonist										
Total	10	5	3		Total	5	12	0		Total	6	7	0	



SOURCE: EvaluatePharma

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Tango pipeline is focused on expanding into additional market segments. Potential to sustain market leadership position (1/2)

Pipeline Product	Indication	Market Opportunity	Key Product Features	Key Considerations
Tango 6000 (Buprenorphine 1 Month Injectable)	Opioid Dependence	<ul style="list-style-type: none"> ■ Indication extension targets the following: ■ 0.74 million patients seeking pharmacological treatment for opioid use disorder as of 2012¹ ■ Additionally around 0.5 million undiagnosed patients in US, 2012¹ 	<ul style="list-style-type: none"> ■ Increased patient compliance: once a month dosing regime improves adherence to therapy ■ Reduced abuse risk: subcutaneous delivery of drug reduces risk of diversion of drug for misuse ■ Patient profile: focused on a different patient population than current treatments (patients in criminal justice system), limited scope for cannibalism 	<ul style="list-style-type: none"> ■ Similar formulations in pipeline include: ■ Probuphine: Titan Pharmaceuticals' subdermal implant delivering buprenorphine for 6 months following a single treatment ■ CAM2038: Camurus' subcutaneously injectable buprenorphine with once a week/ month dosing
Tango 6300 (Buprenorphine Hemiadipate)	Opioid Dependence	<ul style="list-style-type: none"> ■ Indication extension targets the following: ■ 0.74 million patients seeking pharmacological treatment for opioid use disorder as of 2012¹ ■ Additionally around 0.5 million undiagnosed patients in US, 2012¹ 	<ul style="list-style-type: none"> ■ Improved dosing: dissolves faster, absorbed better than standard buprenorphine forms ■ Alternative formulation: broadens RCB's US portfolio to include a branded tablet formulation of buprenorphine ■ Patient profile: focused on a different patient population than current treatments (patients in criminal justice system), limited scope for cannibalism 	<ul style="list-style-type: none"> ■ Can improve adherence to treatment in supervised settings where dosing via swallowable tablet can be easily monitored ■ May see greater uptake in geographies where treatment is tightly regulated ■ CAM2038: Camurus' subcutaneously injectable buprenorphine with once a week/ month dosing



SOURCE: (1) Decision Resources Opioid Addiction 2014 Report; Company Website and Investor Presentations

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Tango pipeline is focused on expanding into additional market segments. Potential to sustain market leadership position (2/2)














Pipeline Product	Indication	Market Opportunity	Key Product Features	Key Considerations
Naloxone Intranasal Spray	Opioid Overdose	<ul style="list-style-type: none"> More than 16,000 deaths due to opioid overdose reported in US in 2010¹ ~0.4 million emergency department visits attributed to opioid pain reliever abuse in US in 2011² 	<ul style="list-style-type: none"> Ease of administration: overcomes administration difficulties faced while using injectable formulation 	<ul style="list-style-type: none"> Public health agencies likely to be the biggest consumers; pricing will play a key role in determining uptake
Arbaclofen Placabil Tablet	Alcohol Use Disorder	<ul style="list-style-type: none"> Less than 1% of population suffering from AUD is currently being treated >4 million untreated, and >13 million undiagnosed patients in USA as of 2012³ 	<ul style="list-style-type: none"> Improved standard of care: increased efficacy over existing pharmacotherapies 	<ul style="list-style-type: none"> Multiple emerging therapies at similar development stages likely to offer significant competition Small market, lack of physician engagement in treating AUD using MAT
Tango-8000 (Cocaine Esterase)	Cocaine Intoxication	<ul style="list-style-type: none"> ~4,000 deaths due to cocaine overdose reported in US in 2010¹ ~0.5 million emergency department visits attributed to cocaine abuse in US in 2011² 	<ul style="list-style-type: none"> Improved standard of care: addresses the treatment gap for cocaine overdose; rapid onset and fast symptom resolution 	<ul style="list-style-type: none"> Limited products in pipeline for treating cocaine overdose; opportunity for gaining first-in class dominant position



SOURCE: (1) Decision Resources Opioid Addiction 2014 Report; Company Website and Investor Presentations

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Potential Other Strategic Buyers for Tango Pharma (\$ in billions)

Company	Market Cap	2013A Rev	Commentary
 Johansen-Johnsen	\$291.10	\$71.30	■ Presence in CNS but more recently focused on "high" science type transactions
 Pfizer	187	51.5	■ Has capability in addiction via Chantix (smoking cessation)
 AbbVie	88.7	18.8	■ Pending Shire acquisition expands presence in CNS via ADHD
 Lilly	70.4	23.1	■ Presence in CNS; more focused on "high" science
 Actavis	59.8	11.9	■ CNS presence via Forest; ANDA Film challenger
 TEVA	44.9	20.3	■ Presence in CNS and pain; potentially has Suboxone Film generic
 Takeda	35.7	16	■ Presence in CNS; focused on Brintellix launch; new CEO
 Mylan	18	6.9	■ Generic pain portfolio; expertise in life-cycle management
 Endo	10	2.6	■ Strong presence in pain; partnered with BMS on BEMA buprenorphine
 Jazz Pharmaceuticals	9.8	0.9	■ Presence in CNS; more focused on rare diseases
 Mallinckrodt Pharmaceuticals	8.9	2.3	■ Strong presence in pain and addiction (generic); potentially distracted by Questcor acquisition
 Alkermes	6.6	0.6	■ Presence in CNS; alcohol dependence drug Vivitrol has disappointed
 PAR	NA	NA	■ ANDA Film challenger; large acquisition

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SOURCE: FactSet

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CVS Caremark and UnitedHealthCare removed Suboxone films from formulary in favor of less costly alternatives

	Cited rationale from ACO	Replacements offered by ACO
CVS Caremark discontinued support for Suboxone films in January 2014	<ul style="list-style-type: none">▪ Lower-cost alternatives are available (sublingual tablets)▪ Pricing expected to drop for generics after 180 day exclusivity expires	<ul style="list-style-type: none">▪ Buprenorphine/naloxone sublingual tablets▪ Zubsolv sublingual tablets
UnitedHealthCare discontinued support for Suboxone films in July 2014	<ul style="list-style-type: none">▪ Lower-cost alternatives widely available	<ul style="list-style-type: none">▪ Zubsolv sublingual tablets▪ Indications of a multi-year exclusive agreement




SOURCE: CVS drug list changes January 2014, UnitedHealthCare updates to prescription benefits July 2014

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Details follow

Novel but risky R&D pipeline for treatment of substance abuse disorder

	Phase I	Phase II	Phase III/NDA
Opioid abuse therapeutics	<ul style="list-style-type: none">NanoBUPOX219	<ul style="list-style-type: none">TA-CDNepicastatCPP-109ALKS 33+buprenorCAM2038Tango-6000Tango-6300	<ul style="list-style-type: none">ProbuphineSevre-LongNasal naloxone (Tango)
Alcohol abuse therapeutics	<ul style="list-style-type: none">MT-7716	<ul style="list-style-type: none">AD01, AD04CPP-109ALKS 33LY2196044VLY-686Arbaclofen Placarabil (Tango)	<ul style="list-style-type: none">NalmefeneNS-11Selincro
Cocaine abuse therapeutics	<ul style="list-style-type: none">CPP-109EMB-001	<ul style="list-style-type: none">Tango-8000SYN117TA-CDTV-1380	



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Substance abuse disorder pipeline – select examples

		Company	Specifications	Comments
Opioid	Sevre-Long	<ul style="list-style-type: none"> Mundipharma Medical Company 	<ul style="list-style-type: none"> Slow-release morphine sulphate that activates opiate receptors Taken orally 	<ul style="list-style-type: none"> Could be effective for opiate dependence patients who were previously treated with methadone
	NS-11 (acamprosate)	<ul style="list-style-type: none"> Nippon Shinyaku 	<ul style="list-style-type: none"> Unclear mechanism of action, restores brain chemicals that are imbalanced in alcohol addiction 	<ul style="list-style-type: none"> Only useful in patients who have stopped drinking and does not prevent or treat withdrawal
Alcohol	Selincro	<ul style="list-style-type: none"> Lundbeck 	<ul style="list-style-type: none"> Opioid antagonist Regulates alcohol consumption by removing enjoyable sensation of alcohol 	<ul style="list-style-type: none"> Unlike other options, it does not rely on complete abstinence and aims to reduce alcohol consumed
	Tango-8000 (Tango)	<ul style="list-style-type: none"> Tango 	<ul style="list-style-type: none"> Rapidly metabolizes cocaine from bloodstream to mitigate effect 	<ul style="list-style-type: none"> Application in preventing mortality from cocaine overdose

